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\_\_\_\_\_CD2D35 071533Z /38

R 071432Z JUL 97 FM SECSTATE WASHDC TO AMEMBASSY BOGOTA AMEMBASSY CARACAS AMCONSUL GUAYAQUIL AMEMBASSY LA PAZ AMEMBASSY LIMA AMEMBASSY QUITO

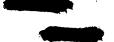


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OFFICIAL INFORMAL

E.O. 12958: DECL: 12/31/99 TAGS: AMGT, BL, CO, PE, EC, VE-SUBJECT: OFFICIAL INFORMAL



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CLASSIFIED BY DONNA DIPAOLO ARA/AND, DEPARTMENT OF STATE. REASON 1.5 D

FOLLOWING IS THE ASDAR FOR JULY 3,

(U) BOLIVIA: ONE POLICEMAN DEAD IN CHAPARE AMBUSH.

EXTEND CLASSIFICATION

Current Class:

UNITED STATES DEPARTMENT OF STATE **REVIEW AUTHORITY: DONALD A. JOHNSTON** 

DATE/CASE ID: 28 SEP 2001 200004441

CLASSIFICATION: SECRET REASON: 25X1 DECLASSIFY AFTER: 20 SEP 2027

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POLICE ENGAGED IN AN ERADICATION OPERATION WERE AMBUSHED BY A GROUP OF CAMPESINOS JULY 2. ONE POLICEMAN DIED OF A GUNSHOT WOUND TO THE UPPER CHEST.

- 2. (SBU) BOLIVIA: CN ENFORCEMENT RESULTS ON THE UPSWING. ARRESTS, COCAINE SEIZURES, AND PROPERTY SEIZURES FOR FY 9~ HAVE ALREADY SURPASSED FY96 FIGURES. MUCH OF THE SUCCESS IS THE RESULT OF ADDITIONAL FINANCIAL RESOURCES AND PERSONNEL PROVIDED TO DEA BY CONGRESS FOR SOURCE COUNTRY ENFORCEMENT PROGRAMS.
- 3. (C) ECUADOR: CONGRESS LIKELY TO REPLACE SUPREME COURT. SUPREME COURT PRESIDENT CARLOS SOLORZANO HAS ALIENATED THE GOE AND THE MAJOR POLITICAL PARTIES THROUGH PERCEIVED POLITICIZATION OF THE COURT. CONGRESS IS EXPECTED TO ENACT A CONSTITUTIONAL REFORM VACATING THE ENTIRE SUPREME COURT IMMINENTLY. LAST WEEK, ECUADORAN POLITICIANS LEADERS TWISTED STATEMENTS BY THE U.S. AND BRITISH AMBASSADORS TO CONTEND THAT THE INTERNATIONAL COMMUNITY, PARTICULARLY THE USG, CONSIDERS THE CURRENT COURT TO BE RIFE WITH NARCOCORRUPTION. (AMBASSADOR ALEXANDER HAD, IN RESPONSE TO A



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JOURNALIST'S QUESTION, ACKNOWLEDGED THE VISA REVOCATIONS OF
A FEW FORMER JUDGES TIED TO NARCOTICS TRAFFICKERS. BRITISH
AMBASSADOR LEVERS HAD PUBLICLY NOTED THAT AN INEFFECTIVE
JUDICIARY DISCOURAGES FOREIGN INVESTMENT.) IN A 6/24
MEETING WITH AMB. ALEXANDER, SOLORZANO ACKNOWLEDGED THAT
HIS DAYS WERE NUMBERED.

PERU: BANK SUPERINTENDENT RESIGNS OVER (U) PROVISIONING RULES. BANK SUPERINTENDENT MANUEL VASQUEZ RESIGNED JUNE 23 AFTER ECONOMY AND FINANCE MINISTER JORGE CAMET BLOCKED ISSUANCE OF NEW LOAN LOSS PROVISIONING THE PROPOSED RULES WOULD HAVE REQUIRED BANKS REGULATIONS. TO BOOST LOAN LOSS RESERVES SHARPLY AT A TIME WHEN THE COUNTRY'S ECONOMIC PICTURE IS CLOUDED BY THE PROSPECT OF A SEVERE "EL NINO" WEATHER PHENOMENON. THE LONG-RUNNING CAMET/VASQUEZ FEUD, A CONSTANT FEATURE OF THE PERUVIAN FINANCIAL POLICY-MAKING SCENE SINCE LAST YEAR, HAD SLOWED FULL IMPLEMENTATION OF PERU'S NEW BANKING LAW. MARTIN NARANJO, A FORMER ADVISOR IN THE MINISTRY OF ECONOMY AND FINANCE, HAS BEEN NOMINATED TO REPLACE VASQUEZ. HE IS LIKELY TO HAVE A SMOOTHER RELATIONSHIP WITH CAMET. OFFICIALS HAVE ASSURED EMBASSY LIMA THAT VASQUEZ'S OUSTER WILL NOT ADVERSELY AFFECT U.S.-PERUVIAN COOPERATION ON

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MONEY LAUNDERING ENFORCEMENT AND SAY THAT NEW MONEY LAUNDERING REGULATIONS WILL BE ISSUED SHORTLY.

SIN TAKES ON TAX, CUSTOMS & TREASURY FRAUD PERU: (S) THAT THE CIVILIAN INVESTIGATIONS.

**B**1

REGIONAL SUPERVISORS OF THE PERUVIAN NATIONAL TAX ADMINISTRATION SUPERINTENDENCY (SUNAT), ALONG WITH CUSTOMS

071437Z STATE 126522 PAGE 04 AND TREASURY OFFICIALS, WERE CALLED TO A MEETING AT THE HEADQUARTERS OF THE NATIONAL INTELLIGENCE SERVICE (SIN) WHERE THEY WERE BRIEFED ON PLANS FOR THE RESTRUCTURING OF THE FRAUD INVESTIGATIVE PROCESS AT SUNAT, CUSTOMS AND TREASURY. THE OFFICIALS WERE TOLD THAT 200 SIN OFFICERS WILL BE DISPERSED TO FIELD OFFICES TO ESTABLISH NEWLY FIFTY SIN OFFICERS CREATED CRIMINAL COORDINATION OFFICES. WILL BE ASSIGNED TO SUNAT, 50 OFFICERS TO CUSTOMS, AND 100 OFFICERS TO THE TREASURY TO HELP DIRECT PERUVIAN NATIONAL POLICE (PNP) INVESTIGATIVE UNITS. WITH THIS RESTRUCTURING, TREASURY, TAX AND CUSTOMS FRAUD INVESTIGATIONS WILL ONLY BE PROPOSED AND INITIATED BY THE SIN'S CRIMINAL COORDINATION LEAVING THE PNP POWERLESS TO INITIATE THEIR OWN INVESTIGATIONS AS WAS DONE PREVIOUSLY. MANY PNP OFFICERS HAVE COMMENTED THAT THE RESTRUCTURING IS A MANEUVER BY SIN DE FACTO CHIEF VLADIMIRO MONTESINOS TO CONSOLIDATE FURTHER HIS POWER AND TO POSITION THE SIN TO DIRECT INVESTIGATIONS AGAINST POSSIBLE POLITICAL OR PROFESSIONAL OPPONENTS WHILE PROTECTING MEMBERS OF THE CURRENT GOVERNMENT FROM INVESTIGATION.

PERU: GOP DENIES BOYCOTT OF EMBASSY LIMA JULY 4TH (U) GOP OFFICIALS HAVE DENIED AN "EXPRESO" NEWSPAPER ARTICLE THAT THE PERUVIAN GOVERNMENT IS PLANNING A BOYCOTT OF EMBASSY LIMA'S INDEPENDENCE DAY CELEBRATION IN REACTION TO RECENT PUBLIC STATEMENTS MADE BY AMBASSADOR JETT. NONETHELESS, EMBASSY LIMA EXPECTS THAT ATTENDANCE BY GOVERNMENT OFFICIALS, ESPECIALLY MILITARY OFFICIALS, WILL BE DOWN THIS YEAR. PRESIDENT FUJIMORI, WHO SINCE BECOMING PRESIDENT HAS NEVER ATTENDED A JULY 4TH EVENT, WILL BE IN JAPAN ON THE FOURTH.

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(C) PERU/ECUADOR: TERAN TO VISIT WASHINGTON? WILKINSON REPORTS FROM BRASILIA THAT ECUADORAN DELEGATION CHAIRMAN TERAN WANTS TO VISIT WASHINGTON BETWEEN EACH ROUND OF TALKS, AND MAY TRY TO PLAN HIS NEXT VISIT FOR MID-JULY. HE IS ALSO CONTEMPLATING A STOP IN BOSTON TO MEET WITH PROF. ROGER FISHER, AND HOPES TO ARRANGE AN OFF-THE-RECORD BRAINSTORMING SESSION WITH FISHER, AND POSSIBLY PERUVIAN FISHER HAS MET WITH TERAN PREVIOUSLY, BUT NOT OFFICIALS. TOGETHER WITH PERUVIANS. MIKE ORFINI OF OVP CALLED US TO ASK WHETHER ANY DEPARTMENT OFFICIALS MIGHT GO TO BOSTON

SHOULD THE SESSION COME OFF; IT SEEMS DOUBTFUL IF ONLY GIVEN THE SCHEDULING. **PICKERING** 



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